

**BOARD OF COUNTY COMMISSIONERS
MEMORANDUM**

DATE: November 10, 2003
TO: Parwez Alam, County Administrator
Herbert W.A. Thiele, County Attorney
FROM: Alan Rosenzweig, Director, Office of Management and Budget
SUBJECT: Estimated Fiscal Impact of Board Policy to Refund Ad Valorem Taxes for Active Military Personnel

The following assumptions were considered in estimating the fiscal impact of the proposed Board policy to refund ad valorem taxes for active military personnel:

- Number of qualifying military personnel (property owners): 100
- Maximum number of months of qualifying active service: 12
- Taxable value of property owned by qualifying personnel: \$100,000

The number of qualifying military personnel used in providing the following estimate is based upon recent data provided by the Department of Military Affairs as to the number of deployed military personnel who own property in Leon County. Secondly, according to the proposed policy, the amount of refund provided will be prorated according to the actual number of months, and partial months, of active service during a particular fiscal year. For purposes of estimating a potential maximum annual fiscal impact, it was assumed that all qualifying individuals had served for a complete 12 months. Finally, the assumption of the average taxable value of a home in Leon County was determined to be \$100,000. This incorporates the average market value of a home less the standard homestead exemption. This assumption was based on data provided by the Property Appraiser's Office used in developing revenue estimates and comparisons for the recently adopted FY 2003/2004 Annual Budget.

Based on the above assumptions, the estimated annual fiscal impact of the proposed policy is as follows:

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| Number of Qualifying Military Personnel | 100 |
| Avg. Taxable Value of Property | \$100,000 |
| Current Total County Ad Valorem Taxes | 9.17 mills (General, Fine and Forfeiture, EMS MSTU, Primary Healthcare MSTU) |
| Estimated Refund per Qualifying Household | \$917 |
| Total Est. Annual Fiscal Impact of Proposed Policy | \$91,700 |

In developing a long term forecast of the estimated fiscal impact of the proposed policy there are a number of variables that should be considered. These variables include the number of qualifying military personnel which is dependent on the severity of military action involving the United States armed forces. Second, the average taxable values of County residential property should be expected to increase annually. Considering the application of the "Save our Homes" tax policy, it should be expected that the increase in taxable value of property owned by existing qualifying military personnel should not increase by more than 3% in a given fiscal year. Finally, as the Board continues to re-evaluate its current tax rates and policies, the potential ad valorem tax burden of qualifying military personnel, of which the County would be obligated to refund, would be affected by any change that the Board contemplates.

In conclusion, it is recommended that the fiscal impact of the proposed policy, if implemented by the Board, be considered annually during the budget development process. This would allow for a more accurate forecast of both the stated assumptions used in this analysis and the given variables, and their relation to one another that will affect the annual cost of implementing the proposed policy. Currently, the FY 2003/2004 annual budget contemplates approximately \$100,000 in expenses related to the proposed policy.